Essentials of

Services Marketing

3rd Edition

15 Improving Service

QUALITY AND PRODUCTIVITY

WIRTZ LOVELOCK

Learning Objectives

15.1 Know the characteristics of world class service organizations and be familiar with the four levels of service performance.

15.2 Understand what is required for transforming a service firm from a service loser to a service leader.

15.3 Know the long-term impact of customer centricity on profitability and shareholder value.

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Improving Service Quality and Productivity

15.1

Know the characteristics of world class service organizations and be familiar with the four levels of service performance.

Four Levels of Service Performance

- Service Losers
  - Bottom of the barrel from both customer and managerial perspectives
  - Customers patronize them because there is no viable alternative
  - New technology introduced only under duress; uncaring workforce
- Service Nonentities
  - Dominated by a traditior operations mindset
  - Unsophisticated marketi strategies
  - Consumers neither seek nor avoid them

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Four Levels of Service Performance

- Service Professionals
  - Clear market positioning strategy
  - Customers within target segment(s) seek them out
  - Research used to measure customer satisfaction
  - Operations and marketing work together
  - Proactive, investment-oriented approach to HRM

- Service Leaders
  - The crème da la crème of their respective industries
  - Names synonymous with outstanding service, customer delight
  - Service delivery is seamless process organized around customers
  - Employees empowered and committed to firm's values and goals

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15.2

Understand what is required for transforming a service firm from a service loser to a service leader.

Transforming a service firm from a service loser to a service leader

- Firms can move either up or down the performance ladder
- Organizations that are devoted to satisfying their current customers may miss important shifts in the marketplace
  - As a result, they may face difficulties attracting demanding new consumers with different expectations
- Companies defending their control of their competitive edge may have encouraged competitors to find higher-performing alternatives
- Organizations with a service-oriented culture may turn otherwise as a result of a merger or acquisition that brings in new leaders who emphasize short-term profits

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15.3

Know the long-term impact of customer centricity on profitability and shareholder value.

The impact on profitability and shareholder value

- Research shows that creating more value for the customer creates more value for the firm's owners.
- Satisfied customers improve the level and the stability of cash flow
- Becoming a service champion requires a long-

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Thank You.